

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 INR-10 NSAE-00 PM-05
EB-08 COME-00 AID-05 /051 W
-----127217 061859Z /47
P 061559Z MAR 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC PRIORITY 6338
CNO WASH DC
CINCUSNAVEUR LONDON UK

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E.O. 11652: N/A
TAGS: MASS EAID US EG
SUBJECT: CORPS OF ENGINEERS ASSISTANCE TO SUEZ CANAL

REF: (A)CAIRO 04144, (B)STATE 037321

1. AS REPORTED REFTEL A THE SCA INDICATED ON
29 DEC THE ESSAYONS DREDGE WAS NOT NECESSARY FOR THE CANAL
ENLARGEMENT PROJECT BUT CHANGED ITS POSITION IN EARLY FEB.

2. ALUSNA VISITED ENGINEER IN CHARGE OF DREDGING TO
EXPLAIN POSITION USG REGARDING COMPETITIVE BIDDING AS
STATED REFTEL B. ENGINEER ADEL WAS CANDID IN HIS
EXPLANATION OF EVENTS AND SAID THAT THE SCA WAS SHOCKED
BY THE COST OF THE BIDS PRESENTED. HE EXPLAINED THAT THE
QUOTE LOT L UNQUOTE PACKAGE CONCERNS ONLY THE SEA-
WARD PORTION OF THE PORT SAID BYPASS AND THAT FOR LOT L
TWO KINDS OF DREDGES ARE NECESSARY: CUTTER DREDGES FOR
THE SHALLOW WATER AREA AND TRAILING SUCTION HOPPER DREDGES
(LIKE ESSAYONS) FOR THE DEEPER AREA. HE SAID THAT CUTTERS
ARE AVAILABLE FROM MANY SOURCES AND PRICING IS COMPETI-
TIVE. HE FURTHER STATED THAT HOPPER DREDGES ARE CONTROLLED
BY A "CLUB" (CARTEL) IN THE NETHERLANDS AND THIS CLUB
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EASILY CONTROLS PRICES AND SCHEDULES OF HOPPER DREDGING
WORK. HE SAID THE SCA HAD NEGOTIATED THE PRICE FOR THE
HOPPER DREDGING WORK DOWNWARDS ABOUT 30 PERCENT AND THAT
IT WAS STILL UNREASONABLE.

3. THE SCA UNDERSTANDS THE USG POSITION BUT ASKS IF USE
OF THE ESSAYONS (OR ANOTHER HOPPER DREDGE) COULD BE

RECONSIDERED ON THE GROUNDS THAT THE SCA DOES NOT HAVE
A REASONABLE ALTERNATIVE FOR THE DEEP WATER PHASE
DREDGING AND ALSO THAT NO AMERICAN COMPANY IS INVOLVED
IN THE BID COMPETITION.

4. ALUSNA EXAMINED THE LIST OF BIDDERS AND NOTED TWO US
COMPANIES ARE SUB CONTRACTORS IN BID NUMBBR ONE.
ENGINEER ADEL ASSURED ALUSNA THAT THOSE COMPANIES
WOULD DO THE CUTTER DREDGE WORK ONLY AND IT WAS THE
DUTCH COMPANIES WHO WOULD DO THE DEEP WATER WORK AT
WHAT SCA CLAIMS IS AN INFLATED PRICE. HE NOTED THAT
DUTCH COMPANIES ARE PART OF EIGHT OF THE NINE BIDS
PRESENTED. ON REQUEST, A LIST OF PARTICIPANTS IN THE
NINE BIDS WAS PROVIDED BY THE SCA AND IS AS FOLLOWS:

- COMPANY COUNTRY
 - 1. BOS KALIS WESTMINSTER GR. N.V. NETHERLAND
 - DREDGING INTERNATIONAL N.V. BELGIUM
 - GREAT LAKES DREDGE AND DOCK CO. USA
 - WESTERN CONTRACTING CORP. USA
 - HAM CONTRACTING INT. CURACAO
 - 2. HOLLANDS AANNEMERS BEDRIJF
 - ZANEN VERSTOEP N.V. NETHERLAND
 - OVERSEAS DECLOEDTET FILS BELGIUM
 - 3. J.P. BROEKHOVEN B.V. HOLLAND
 - 4. ADRIAN VOLKER BAGGERMAATSCHAPPIJ NETHERLAND
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- BREEJENBOUT B.V. NETHERLAND
- 5. STEVIN DREDGING B.V. NETHERLAND
- 6. DREDGING VO2 BERMUDA NETHERLAND
- VAN OARD INTERNATIONAL N.V. NETHERLAND
- 7. AMSTERDAM BALLAST DREDGING NETHERLAND
- PENTA OCEAN CONSTRUCTION CO. LTD. JAPAN
- TOA HARBOR WORKS CO. LTD. JAPAN
- 8. VIANINI DRAGAGGI LOVORI M. ITALY
- COSTAIN BLAN DEVOORT (BAHAMAS)
- LTD. NETHERLAND
- 9. HYUNDAI CONSTRUCTION LTD. KOREA

4. WHILE THE COE IS THUS PUT IN POSITION OF BEING
INVOLVED IN COMPETING WITH PRIVATE INDUSTRY, WOULD
COE PARTICIPATION BE IMPROPER IF IT CAN BE VERIFIED
THAT A CARTEL FOR HOPPER DREDGE USE EXISTS AND THAT
NO US COMPANY IS BIDDING FOR THAT PART OF THE WORK?

5. TWO COE ENGINEERS, MR. DODSON AND MR. WHALEN, VISITED
THE SCA 17-25 FEB AND HAVE NOW RETURNED TO WASHINGTON.
THEY WERE BRIEFED ON THIS MATTER AND ALSO TALKED TO
ENGINEER ADEL SO THAT THE COE SHOULD BE BETTER AWARE OF

DETAILS OF WHAT THE SCA NEEDS TO COMPLETE THEIR PROJECT.

6. WHILE IT APPEARS HERE THAT COE STILL CANNOT PARTICI-
PATE, WOULD APPRECIATE AN OPINION REGARDING PARAGRAPH
FOUR ABOVE. THE SCA IS OBVIOUSLY SOMEWHAT EMBARRASSED
BY HAVING REFUSED THE ESSAYONS AND VERY APPRECIATIVE OF
THE EFFORT EXPENDED BY USG TO HAVE OFFERED IT LAST YEAR.
EILTS.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY ASSISTANCE, CANALS, DREDGING
Control Number: n/a
Copy: SINGLE
Draft Date: 06 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CAIRO07228
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780101-0007
Format: TEL
From: CAIRO
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197803104/aaaadkee.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 503bf8b7-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: 78 CAIRO 4144, 78 STATE 37321
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3110929
Secure: OPEN
Status: NATIVE
Subject: CORPS OF ENGINEERS ASSISTANCE TO SUEZ CANAL
TAGS: MASS, EAID, US, EG, CORPS OF ENGINEERS
To: STATE CNO
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/503bf8b7-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014